

WAIS Inc

Wide Area Information Servers

February 13, 1995

Dear Members of the Board,

We have geared up in attracting outside capital. Three approaches are being pursued: VC investment, corporate investment, and acquisition. On the VC front, we talked with AVI and they are pursuing due diligence which is a good sign. We are trying to set up a joint meeting with Jon Fibre of Mohr Davi Ventures and Accel Partners. On the corporate investment front, we have starts of interesting discussions, but nothing solid yet. On the acquisition front, AOL is interested, but it is uncertain how committed they are.

We are due to move mid-March to our new facility in San Francisco. The gating item is building up our computer facilities there.

The number of full time employees is 23, and full time contractors is 4. This is up from 21/5 from January 9, 1995. We are actively recruiting for technical talent and a VP of Engineering. In a month we should be at 31/3.

We are getting more deals publishers for production services. This is a shift in our business and changes our cash flow picture. It puts more money in bookings rather than revenues and increases our headcount from what would be expected from a software products business. We have found a real need in the market for our services in both a "contract design" mode and revenue sharing mode. This shift will have some impact on our 3rd quarter numbers.

At this meeting I would like to discuss our financing strategy.

Thank you for coming.

Sincerely yours,



Brewster Kahle

WAIS, INC.

BOARD MEETING AGENDA

February 13, 1995

12 noon – 4:00 p.m.

12 noon – 1:00 pm	Company Status
1:00 pm – 4:00 pm	Financing Strategy

ATTENDEES:

Brewster Kahle
Bruce C. Gilliat
William Dunn
Nick Scharf
Allen Morgan

WAIS Inc

Wide Area Information Servers

January 1995 Financial Results and Forecast

REVENUES

Revenues for January were \$110,000 Vs. planned revenues of \$199,000 and forecast of \$140,000. Planned revenues for Q3 and the year are \$761,000 and \$3,000,000.

We currently have a backlog which should be recognized in Q3 as we complete projects in progress in excess of \$300,000.

EXPENSES

January expenses were \$217,000 Vs planned expenses of \$212,000 and forecast of \$223,000.

CASH

Our cash balance at the end of the month was \$207,000, which was \$80,000 higher than plan. This reflected year to date revenues \$425,000 higher than plan.

WAIS, Inc.
January 1995 Balance Sheet
2/8/95

	<u>Actual</u>	<u>Budget</u>	<u>Difference</u>
<i>Current Assets:</i>			
Cash	207,113	126,512	80,601
Accounts Receivable	434,721	165,648	269,073
Deposits & prepaids	52,086	15,000	37,086
Total Current Assets	693,920	307,160	386,760
<i>Fixed Assets:</i>			
Furniture	34,946	9,741	25,205
Equipment & Software	181,069	145,276	35,793
Production Services	16,519	26,301	(9,782)
Leasehold Improvements	1,252		1,252
Accumulated Depreciation	(57,232)	(54,968)	(2,264)
Net Fixed Assets	176,554	126,350	50,204
<i>Other Assets</i>	3,259	3,815	(556)
<i>Total Assets</i>	873,733	437,325	436,408
<i>Current Liabilities:</i>			
Accounts Payable	147,400	54,364	93,036
Accounts Receivable Line of Credit			-
Note Payable		48,711	(48,711)
Deferred Revenue	7,100	79,253	(72,153)
Accrued Income Taxes	288,333	73,552	214,781
Total Current Liabilities	442,833	255,880	186,953
<i>Shareholders' Equity:</i>			
Paid in Capital	25,000	25,000	-
Current Year Income (Loss)	368,232	110,329	257,903
Retained Earnings (Deficit)	37,668	46,116	(8,448)
Total Equity	430,900	181,445	249,455
<i>Total Liabilities & Equity</i>	873,733	437,325	436,408

WAIS, Inc.

Income Statement for the Month of January 1994

2/8/95

Month of January				FY 1995 Year to Date		
Actual	Budget	Better (Worse)		Actual	Budget	Better (Worse)
			Revenue:			
36,000	177,778	(141,778)	Products	1,128,378	1,116,668	11,710
32,414		32,414	Government Contract	271,300		271,300
41,533	21,000	20,533	Production Services	249,383	207,000	42,383
			International	100,000		100,000
109,947	198,778	(88,831)	Total Revenue	1,749,061	1,323,668	425,393
15,000		15,000	Cost of Sales	56,850		56,850
94,947	198,778	(103,831)	Gross Margin	1,692,211	1,323,668	368,543
			Expenses:			
67,380	62,960	(4,420)	Marketing & Sales	250,688	273,258	22,570
12,441	5,800	(6,641)	Washington Office	56,392	40,600	(15,792)
20,813	28,447	7,634	Production Services	209,111	169,255	(39,856)
48,991	65,145	16,154	Development	243,111	340,948	97,837
50,870	49,494	(1,376)	G&A	242,914	315,725	72,811
16,175		(16,175)	Operations	16,175		(16,175)
216,670	211,846	(4,824)	Total Expenses	1,018,391	1,139,786	121,395
(121,723)	(13,068)	(108,655)	Net Operating Income (Loss)	673,820	183,883	489,938
555		555	Interest Income (Expense)	2,095		2,095
(121,168)	(13,068)	(108,100)	Pretax Income (Loss)	675,915	183,883	492,033
(53,314)	(5,227)	48,087	Income Taxes	307,683	147,108	(160,575)
(67,854)	(7,841)	(60,013)	NET INCOME (LOSS)	368,232	36,775	331,457